

## **Frederick County Tax Sale**

### **Frequently Asked Questions – Bidders**

The following list of the most frequently asked questions and answers has been compiled to inform potential bidders or other interested parties of the basic requirements and guidelines governing participation in the Frederick County Tax Sale. Participation in the Frederick County Tax Sale may result in the immediate purchase of a “tax lien”, but not an actual property, therefore discretion is encouraged. The list does not include all applicable terms. Some of its contents may or may not be applicable and are subject to revision, without prior notice. Additional provisions may be enacted at any time, up to and including Tax Sale Day, and are at the sole discretion of the Collector of State and County taxes for Frederick County. A complete list of terms and conditions will be made available during registration.

**Q1: How often does Frederick County hold tax sales?**

**A1:** Frederick County holds one tax sale per year.

**Q2: What are the date, time and location of the Frederick County Tax Sale?**

**A2:** The date of the tax sale per Frederick County Code Article V, Section 2-7-103.b: “On the second Monday in May, the county treasurer shall, at the hour and place named in such advertisement, proceed to sell all such pieces or parcels of land and premises.” For 2011, the Frederick County Tax Sale will be held online at [www.frederickcountymdtaxsale.com](http://www.frederickcountymdtaxsale.com). Five batches of liens will be offered throughout the day on May 9, 2011, with the first batch beginning at 10:00 a.m. Local Time. Acceptance of bids for the final batch ends at 3:00 p.m. Local Time.

**Q3: If I have questions regarding the online process, who do I contact?**

**A3:** Questions regarding use of the website and the online bidding process must be directed to Technical Support @ 1-877-895-4367 (Toll Free) or emailed to [support@taxlienbids.com](mailto:support@taxlienbids.com). Questions regarding the tax sale policies may be directed to the Frederick County Treasury Department of 301-600-1111 or emailed to [treasuryquestions@frederickcountymd.gov](mailto:treasuryquestions@frederickcountymd.gov).

**Q4: Does Frederick County allow bidders to participate in the auction in person or via mail, telephone or fax?**

**A4:** No. All potential bidders are required to register and bid on our online auction site.

**Q5: How can a list of tax sale properties be obtained and what is the cost?**

**A5:** Consistent with County code, Frederick County publishes a list of the properties intended to be auctioned in three consecutive weekly issues of a local publication (usually the Frederick News Post), three weeks prior to the actual tax sale. Copies of those publications must be purchased directly from the publisher. On April 16, 2011, a list will also be made available at [www.frederickcountymdtaxsale.com](http://www.frederickcountymdtaxsale.com). No other lists are available.

**Q6: Are the properties not bid upon at the tax sale available for sale over the counter?**

A6: Certificates for properties not purchased at the tax sale on May 9, 2011 may be purchased at lien value at an online assignment sale. Date and time of the assignment sale and instructions will be posted on [www.frederickcountymdtaxsale.com](http://www.frederickcountymdtaxsale.com) after May 9.

**Q7: What are the registration requirements?**

A7:

- a. Register on [www.frederickcountymdtaxsale.com](http://www.frederickcountymdtaxsale.com). No mail-in or email registrations will be accepted. Registration will begin on April 1, 2011 and ends April 29, 2011. All steps in the bidder registration process must be completed by 4:00 p.m. Local Time on April 29.
- b. Pay \$100.00 registration fee via ACH Debit. The registration fee is refundable and will be returned via ACH. Payment is USD (United States Dollars) is required.
- c. Enter a valid bank account from which your purchases will be debited. The same bank account used to pay the registration fee will be debited for certificates purchased following the close of the sale.
- d. Submit a budget to cover the total cost of your anticipated purchases (including any high bid premium). The budget you submit represents the maximum amount allowable for the purchase of certificates during the auction.

**Q8: Is there a fee for registration?**

A8: Yes. Pay \$100.00 registration fee via ACH Debit. The registration fee is refundable and will be returned via ACH. Payment is USD (United States Dollars) is required.

**Q9: Is the registration fee refundable?**

A9: Yes. The registration fee is refundable and will be returned via ACH.

**Q10: What is a budget?**

A10: A budget must be submitted online to cover the cost of your anticipated purchases. The budget you submit represents the maximum amount allowable for the purchase of certificates during the auction. Taxes as well as high bid premiums will be applied against your submitted budget. If a successful bid plus the total amount due on certificates already awarded to you exceeds your budget, you will not be awarded that certificate. You may change your submitted budget at any time prior to the close of the auction by entering a new budget amount in the "New Budget" field on the registration form. Funds may be verified for both the initial and any increased budgets submitted.

**Q11: Can registration be done via mail?**

A11: No. Registration can only be done online at [www.frederickcountymdtaxsale.com](http://www.frederickcountymdtaxsale.com).

**Q12: What is the bidding process?**

A12: All bids shall be submitted on the [www.frederickcountymdtaxsale.com](http://www.frederickcountymdtaxsale.com) website. Bids can be submitted beginning May 1, 2011. Bids will be awarded to the highest bidder on May 9, 2011. Five batches of liens on properties will be offered for bid throughout the day on May 9, 2011. Each tax certificate in each batch is offered independently of every other certificate in that batch. The tax certificates are arranged in election district order on the website.

**Q13: What is a batch?**

A13: Batches are subgroups of the advertised list of properties that serve as a means of organizing tax certificates for the purpose of facilitating bid submission. Each tax certificate in each batch is offered independently of every other tax certificate in that batch. A unique closing time is established for each batch.

**Q14: What is the timing of the batches in the auction?**

A14: The first batch will be offered at 10:00 a.m. Local Time and will close at 11:00 a.m. The second batch will begin at 11:00 a.m. and close at 12:00 p.m., and so on until all properties have been auctioned. The final batch offered at 2:00 pm will offer all properties for sale that were not sold in the batches offered earlier in the auction. Acceptance of bids for the final batch ends at 3:00 p.m. Local Time.

**Q15: If I am the successful bidder on a property, do I have to pay the bid amount at the end of the auction?**

A15: Yes. All successful bidders/purchasers must pay for the properties, including the high bid premium, by 5:00 p.m. the day of the tax sale. Should a successful bidder not make full payment for any or all of the certificates they are awarded in the tax sale, including any associated High Bid Premiums (see below), they will **not be awarded any certificates** and they may be prohibited from participating in future tax sales. The certificates will be awarded to the next highest bidder.

**Q16: What are high-bid premiums?**

A16: High-bid premiums are additional funds deposited on any tax sale property for which the highest bid exceeds forty percent (40%) of the property's full cash value. The high-bid premium is twenty percent (20%) of the amount that exceeds the forty percent cash value threshold. For example, if the full cash value is \$100,000, the outstanding taxes due are \$1,000 and the successful bid is \$50,000, the bidder should expect to pay:

Taxes	\$1,000
High-Bid Premium	
Cash Value	\$100,000
40% Cash Value (\$100,000 x .40)	\$40,000

Bid	\$50,000	
Less 40% Cash Value	<u>\$40,000</u>	
Total	\$10,000	
20% Premium (\$10,000 x .20)	<u>\$2,000</u>	<u>\$2,000</u>
Total Payment Due		\$3,000

A total of \$3,000 is due to the County by the close of business the day of tax sale. That is, \$1,000 for the outstanding taxes, interest and costs, plus 20% of the \$10,000, the amount that exceeds forty percent of the full cash value or \$2,000.

The high-bid premium is refundable without interest to the holder of the tax sale certificate or their assignee upon redemption, or the plaintiff in an action to foreclose the right of redemption. The high-bid premium is non-refundable if the property is not redeemed and no action to foreclose the right of redemption is filed within the limitations of the tax sale certificate.

**Q17: If I am the successful bidder on a property, do I take ownership of that property?**

**A17:** No. The successful bidder will hold a tax lien against the property and be given a tax sale certificate. However, until redeemed, the lien will be considered the foremost financial obligation of the property.

**Q18: How long is the tax lien valid?**

**A18:** The tax lien certificate is valid for two years from the date of the certificate.

**Q19: What interest rate is paid on the lien upon redemption?**

**A19:** The current interest rate paid by Frederick County on tax sale property is eight percent (8%) per annum. The interest amount will be calculated at a daily rate from the date of sale to the date of redemption.

**Q20: How long does the owner have to redeem the property?**

**A20:** According to the Annotated Code of Maryland, §14-827: The owner or other person that has an estate or interest in the property sold by the collector may redeem the property at any time up until the right of redemption has been finally barred by a decree of foreclosure.

**Q21: What must the owner do in order to redeem the property from tax sale?**

**A21:** In order to redeem the property from tax sale, the owner must pay to the County the total amount paid at the tax sale on his or her behalf, together with interest and penalties and any taxes that accrue after the tax sale date. In addition, if the redemption occurs after four months from the date of sale, the owner must first reimburse the holder of the certificate for any expenses and attorney's fees incurred. The certificate holder will then provide the owner with a letter of

release, which will allow the owner to redeem the property from tax sale. If the owner redeems within the first four months from the tax sale date, the owner is not liable for any bidder expenses and a letter of release is not necessary.

**Q22: What if the owner does not redeem the property?**

A22: If an owner fails to redeem their property from tax sale, the bidder may file a civil action case in court to foreclose the owner's right of redemption. The action to foreclose the owner's right of redemption must be filed no less than six months from the date of the sale and no more than two years from the date of the certificate. If judgment is granted in favor of the bidder, the bidder may gain full title to the property by paying the balance of their bid, if any, and any taxes that accrue after the date of sale, after which a deed can be drawn.

**Q23: Does Frederick County initiate or handle any foreclosure proceedings?**

A23: No. Frederick County may not provide legal counsel or assistance to either party in a civil action case. Interested parties should seek professional advice as deemed necessary.

**Q24: What will happen if a bidder does not file a civil action case within two years?**

A24: If an owner does not redeem and no civil action case is filed within two years from the date of the certificate of sale, the certificate of sale is void and the bidder loses all rights to the property and subsequently to any monetary reimbursement. The property will be sold again.

**Q25: How can I get a copy of the statutes regarding the tax lien certificate sale in Frederick County?**

A25: The tax lien certificate sale statutes are found in the Maryland Tax-Property Article and are available online at [http://mlis.state.md.us/as/web\\_statutes.asp](http://mlis.state.md.us/as/web_statutes.asp). The sections for tax lien certificate sales are §14-808 through §14-854 inclusive. We do not provide copies of the statutes.